

NSC BRIEFING

6 August 1957

**BACKGROUND: INTERNAL AND EXTERNAL THREATS TO HONG KONG**

- I. The primary internal problems of Hong Kong are an excessive population, caused by an influx of Chinese refugees from the mainland, and Communist subversion. In addition, organized criminal gangs are capable of causing internal disorders and are ready to exploit local grievances. Communist China's strong military forces pose the principal external threat.
- II. Hong Kong's population of approximately 2,500,000 is too large for the facilities available in the colony's 391 square mile area. An influx of some 1,000,000 Chinese refugees since 1949 is responsible for a potentially explosive situation arising from inadequate housing and the lack of employment opportunities.
  - A. Three hundred thousand refugees are still not housed. Approximately 200,000 are considered surplus to the future manpower requirements of the colony, 23 percent are unemployed and 36 percent are underemployed.
  - B. The discontent of these semi-destitute refugees can be easily exploited to provoke disturbances such as the riots of October 1956. Although these riots were largely aggravated by local non-Communist criminal elements they showed Hong Kong's vulnerability to Communist-directed rioting and sabotage.
- III. Estimates of the local Chinese Communist Party membership range from 3,000 to 20,000; the Hong Kong police consider the "hard core" strength to be 7,000. Communist subversive activity is aimed toward gaining control of labor, education, business and finance and communications media.

- A. Communist-dominated unions constitute the strongest part of Hong Kong's organized labor and Communists and Communist sympathizers make up over 50 percent of union membership. The Communist-controlled Federation of Trade Unions with 102,000 members is the largest labor group. Communists are believed to control virtually all the strategically important unions such as those of the naval dockyards, transportation, and utilities services and economically important industries.
- B. The Communists are making steady gains in penetrating the schools. They control 12 of the 719 private schools which 64 percent of the colony's children attend and they have infiltrated 100 of the colony's 1,100 educational institutions.
- C. In business and finance the Communists exercise influence through banks controlled by the Hong Kong branch of the Bank of China.
- D. They control or influence a large segment of the native language press, Chinese Communist radio programs from the mainland are readily received, and a program for increasing pro-Communist motion picture production is underway.
- IV. Hong Kong's chief external threat is from Communist Chinese armed forces on the mainland. Peiping has an estimated 57,000 troops within a 50-mile radius of the Hong Kong border, a force sufficient to make a successful attack on the colony which is garrisoned by approximately 11,300 troops (about 8,100 British, 3,200 colonial). The Chinese also maintain a large airfield complex at Canton capable of sustaining jet fighter and bomber operations against the colony. While Hong Kong security forces are capable of maintaining internal order they would be unable to resist a Communist attack for more than a short time.

**V. Despite its overwhelming military superiority, Peiping, for the time being, appears willing to maintain the status quo, Hong Kong is useful to Peiping as a source of hard currency and provides a link for the Communists with Overseas Chinese and pro-Communist centers in Far Eastern countries. The Chinese Communists have unsuccessfully requested that the British permit them to be represented by a commissioner in Hong Kong. The Chinese Communists also have been quick to protest any actions in the colony which affect the Chinese residents such as the October riots and the recent evictions in connection with a slum clearance program. Peiping has made three official protests to London in the past six weeks. This suggests Peiping is compiling a record for future use against the British.**